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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-49897

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Navaid Financial Services Inc

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1522 Locust St. Floor 2

(No. and Street)

Philadelphia

(City)

PA

(State)

19102

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John Carney

215-985-9100

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Siana Carr and O'Connor

(Name - if individual, state last, first, middle name)

1500 E. Lancaster Ave Paoli

(Address)

(City)

PA

(State)

19301

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

SEC Mail  
Mail Processing  
Section

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Washington, DC

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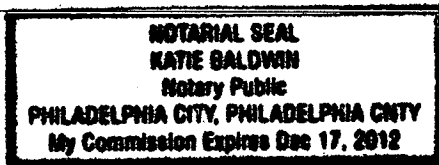
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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## OATH OR AFFIRMATION

I, John Carney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Navaid Financial Services Inc., as of 12/31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]  
Signature  
President / CFO  
Title

Katie Baldwin  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

***Financial Report***

***NAVAID FINANCIAL SERVICES, INC.***

***December 31, 2009 and 2008***

**NAVAID FINANCIAL SERVICES, INC.**  
**Financial Statements and Supplementary Financial Information**  
**For the Years Ended December 31, 2009 and 2008**  
**and**  
**INDEPENDENT AUDITOR'S REPORT**

**I N D E X**

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**INDEPENDENT AUDITOR'S REPORT**

To the Directors of  
Navaid Financial Services, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial condition of Navaid Financial Services, Inc. (an S-Corporation) as of December 31, 2009 and 2008, and the related statements of income, changes in subordinated borrowings, changes in shareholders' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Navaid Financial Services, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 10 to 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Siana Carr & O'Connor, LLP*

SIANA CARR & O'CONNOR, LLP

February 23, 2010

**NAVAID FINANCIAL SERVICES, INC.**  
**Statements of Financial Condition**  
**December 31, 2009 and 2008**

<b>Assets</b>	<b>2009</b>	<b>2008</b>
Cash	\$ 62,515	\$ 300,416
Deposits with clearing organization and others	1,501,414	1,500,535
Marketable debt securities	10,431,105	13,010,923
Receivable from clearing organization and others	668,321	1,286,053
Accrued interest receivable	69,912	288,879
Prepaid expenses	42,624	9,600
Furniture and equipment, net	11,825	14,321
<b>Total assets</b>	<b>\$12,787,716</b>	<b>\$16,410,727</b>
<b>Liabilities and shareholders' equity</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 400,009	\$ 1,198,885
Payable to clearing organization	10,397,319	12,510,238
Securities sold, not yet purchased	-0-	351,452
<b>Total liabilities</b>	<b>10,797,328</b>	<b>14,060,575</b>
<b>Subordinated borrowings</b>	<b>1,500,000</b>	<b>1,500,000</b>
Shareholders' equity:		
Common stock (\$.01 par value, 1,000 shares authorized, 106 shares issued and outstanding)	1	1
Additional paid-in capital	99,999	99,999
Retained earnings	390,388	750,152
<b>Total shareholders' equity</b>	<b>490,388</b>	<b>850,152</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$12,787,716</b>	<b>\$16,410,727</b>

(The accompanying notes are an integral part of these financial statements.)

**NAVAID FINANCIAL SERVICES, INC.**  
**Statements of Income**  
**For the Years Ended December 31, 2009 and 2008**

	2009	2008
Revenues:		
Trading gains and losses, net	\$6,011,408	\$7,632,761
Interest income	399,970	357,609
Commission income	9,527	30,464
<b>Total revenues</b>	<b>6,420,905</b>	<b>8,020,834</b>
Expenses:		
Commissions	5,280,678	5,959,798
Employee compensation and benefits	471,965	453,726
Interest expense	181,789	220,724
Outside services	134,374	119,257
Other expenses	56,015	113,761
Occupancy and office	30,562	24,493
<b>Total expenses</b>	<b>6,155,383</b>	<b>6,891,759</b>
<b>Net income</b>	<b>\$ 265,522</b>	<b>\$1,129,075</b>

(The accompanying notes are an integral part of these financial statements.)

**NAVAID FINANCIAL SERVICES, INC.**  
**Statements of Changes in Subordinated Borrowings**  
**For the Years Ended December 31, 2009 and 2008**

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Subordinated borrowings at January 1, 2008	\$1,500,000
2008 activity	-0-
Subordinated borrowings at December 31, 2008	1,500,000
2009 activity	-0-
Subordinated borrowings at December 31, 2009	\$1,500,000

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(The accompanying notes are an integral part of these financial statements.)



**NAVAID FINANCIAL SERVICES, INC.**  
**Statements of Changes in Shareholders' Equity**  
**For the Years Ended December 31, 2009 and 2008**

	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Total
January 1, 2008	106	\$1	\$99,999	\$ 180,500	\$ 280,500
Net income				1,129,075	1,129,075
Distributions to shareholders				(559,423)	(559,423)
December 31, 2008	106	\$1	\$99,999	\$ 750,152	\$ 850,152
January 1, 2009	106	\$1	\$99,999	\$ 750,152	\$ 850,152
Net income				265,522	265,522
Distributions to shareholders				(625,286)	(625,286)
December 31, 2009	106	\$1	\$99,999	\$ 390,388	\$ 490,388

(The accompanying notes are an integral part of these financial statements.)

**NAVAID FINANCIAL SERVICES, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2009 and 2008**

	2009	2008
Cash flows from operating activities:		
Net income	\$ 265,522	\$ 1,129,075
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	3,745	3,242
(Increase) decrease in:		
Deposits with clearing organization and others	(879)	37
Marketable debt securities	2,579,818	(2,906,731)
Receivable from clearing organization and others	617,732	(706,130)
Accrued interest receivable	218,967	(263,194)
Prepaid expenses	(33,024)	(3,600)
Increase (decrease) in:		
Accounts payable and accrued expenses	(798,876)	561,521
Payable to clearing organization	(2,112,919)	2,648,256
Securities sold, not yet purchased	(351,452)	302,162
Net cash provided by operating activities	388,634	764,638
Cash flows from investing activities:		
Purchase of furniture and equipment	(1,249)	(11,876)
Net cash used by investing activities	(1,249)	(11,876)
Cash flows from financing activities:		
Distributions to shareholders	(625,286)	(559,423)
Net cash used by financing activities	(625,286)	(559,423)
Net increase (decrease) in cash	(237,901)	193,339
Cash - beginning of year	300,416	107,077
Cash - end of year	\$ 62,515	\$ 300,416
Supplemental cash flow information:		
Interest paid	\$ 180,887	\$ 226,199

(The accompanying notes are an integral part of these financial statements.)

**NAVAID FINANCIAL SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

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**(1) ORGANIZATION AND BACKGROUND**

Navaid Financial Services, Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority. The Company operates on a fully-disclosed basis whereby they do not carry accounts for customers.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Management's estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Securities transactions and commission expense*

Proprietary securities transactions are recorded at fair value on the trade date, as if they had settled. Trading gains and losses arising from all securities transactions entered into for the account and risk of the Company, along with the related commission expense incurred, are also recorded on a trade date basis. Marketable debt securities are valued at fair value as determined by management based on information provided by third parties and by analyzing inter-dealer trades on or around year-end for all positions held by the Company at year-end.

*Income taxes*

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code of 1986 and comparable state tax provisions to be taxed as an S-Corporation. In lieu of corporation income taxes, the shareholders of an S-Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

**(3) MARKETABLE DEBT SECURITIES**

As described in Note 2, the Company values marketable debt securities at fair value in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*. The Company classifies its investments into Level 1, which refers to securities traded in an active market; Level 2, which refers to securities not traded in an active market but for which observable inputs are readily available or Level 1 type securities where there is a contractual restriction; and Level 3, which refers to securities not traded in an active market for which no significant observable market inputs are available. All marketable debt securities were classified as Level 2 at December 31, 2009 and 2008.

**NAVAID FINANCIAL SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

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**(4) RELATED PARTY TRANSACTIONS**

The Company provides brokerage services for a fund that is owned and managed by the shareholders. The Company waived all markups and commissions for the fund for 2009 and 2008. However, the fund reimburses the Company for their costs from outside parties. The Company received \$18,145 and \$10,704 in 2009 and 2008, respectively. A receivable from the fund was recorded at December 31, 2009 and 2008, in the amount of \$2,278 and \$1,320, respectively.

Two of the Company's traders are also shareholders. The Company paid commissions of \$5,812,000 and \$5,354,000 in 2009 and 2008, respectively to these shareholders. Additionally, \$335,128 and \$1,118,352 is due to the traders at December 31, 2009 and 2008, respectively.

**(5) RECEIVABLE FROM AND PAYABLE TO CLEARING ORGANIZATION**

The Company clears its proprietary and customer transactions through another broker-dealer on a fully disclosed basis. The amount payable to the clearing broker relates to securities purchased on margin. This balance is secured by the Company's proprietary investments and clearing deposit. The payable balance incurs interest at the federal funds rate plus an applicable margin (1.25% at December 31, 2009).

**(6) SUBORDINATED BORROWINGS**

The borrowings under subordinated agreements consist of two subordinated notes payable to two shareholders. The notes expire on September 28, 2013 and include interest at 5%.

**(7) SECURITIES SOLD, NOT YET PURCHASED**

The Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date. The Company has recorded these obligations in the financial statement at year end at fair value and will incur a loss if the market value of the securities increases subsequent to year end. All securities sold, not yet purchased were classified as Level 2 securities as required by ASC 820 at December 31, 2008.

**(8) NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital and a ratio of aggregate indebtedness to net capital, not exceeding 15 to 1. At December 31, 2009, the Company had net capital, as defined, of \$1,103,526, which was \$1,003,526 in excess of its minimum required net capital of \$100,000. The Company's ratio of aggregate indebtedness to net capital was .66 to 1 as of December 31, 2009.

The SEC customer protection rule (Rule 15c3-3) requires the maintenance of reserves for customer accounts and sets forth specific guidelines regarding the possession of securities. The Company is exempt from this rule under Reg 240.15c3-3k(2)ii which provides an exemption for broker-dealers who operate on a fully-disclosed basis. Therefore, Schedules II and III on pages 11 and 12 are not applicable.

**NAVAID FINANCIAL SERVICES, INC.**  
**Notes to Financial Statements**  
**December 31, 2009 and 2008**

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**(9) LEASE COMMITMENTS**

The Company has a lease agreement for office space that expires May 31, 2011. Rent expense incurred in connection with this lease for the years ended December 31, 2009 and 2008 was \$24,000 and \$18,000, respectively.

The future minimum annual rental payments are as follows:

Year ending December 31,	
2010	\$19,200
2011	16,200
Total	\$35,400

**(10) 401(k) RETIREMENT PLAN**

During 2009 the Company implemented a 401(k) retirement plan. The Company matches the first 6% of eligible employees compensation. The Company's expense related to the plan was \$9,858 for 2009.

**(11) NON-MONETARY TRANSACTIONS**

In 2009 and 2008, the Company reduced broker fees for one of their traders in exchange for bookkeeping services. The fair value of the transactions was approximately \$12,000 per year.

**(12) CONCENTRATION OF CREDIT RISK**

***Cash***

At various times during the year, the Company's cash balances exceeded the federally insured limit. The Company did not have any cash balances in excess of FDIC limits at December 31, 2009.

***Marketable debt securities***

The Company's proprietary investments consist solely of municipal securities. At December 31, 2009, the position held in two municipal securities represented 30% of marketable debt securities.

***Agreements with traders***

The Company has agreements with three traders on a month to month basis, of which one trader executes a majority of all trades. If this trader were to terminate the agreement, the ongoing operations of the Company may be materially affected.

**(13) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 23, 2010, the date through which the financial statements were available to be issued.

**SUPPLEMENTARY**

**FINANCIAL**

**INFORMATION**

## Schedule I

**NAVAID FINANCIAL SERVICES, INC.**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**December 31, 2009**

<b>Net capital:</b>	
Total shareholders' equity	\$ 490,388
Add - subordinated borrowings allowable as net capital	1,500,000
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Total capital and allowable subordinated borrowings	1,990,388
Less - total non-allowable assets	92,951
haircuts on securities 793,911	
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Net capital	\$1,103,526
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Aggregate indebtedness	\$ 728,298
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Total aggregate indebtedness	\$ 728,298
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<b>Computation of basic net capital requirement:</b>	
Net capital requirement	\$ 100,000
Net capital	1,103,526
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Excess of net capital	\$1,003,526
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Excess of net capital at 1000%	\$1,030,696
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Ratio of aggregate indebtedness to net capital	.66 to 1
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**NAVAID FINANCIAL SERVICES, INC.**  
**Computation for Determination of Reserve Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2009**

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**Not Applicable: All customer transactions are cleared through  
another broker-dealer (member of New York Stock Exchange)  
on a fully disclosed basis.**



**NAVAID FINANCIAL SERVICES, INC.**  
**Information Relating to Possession or Control Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2009**

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**Not Applicable: All customer transactions are cleared through  
another broker-dealer (member of New York Stock Exchange)  
on a fully disclosed basis.**

**NAVAID FINANCIAL SERVICES, INC.**  
**Notes to Supplemental Schedules**  
**December 31, 2009**

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**Reconciliation of the audited computation of Net Capital (Schedule I) and the computation of Net Capital included in the Company's unaudited December 31, 2009 FOCUS Part IIA filing.**

Net capital per unaudited December 31, 2009	
FOCUS Part IIA filing	\$ 837,364
Audit adjustments to non-allowable assets	(33,024)
Audit adjustments to distribution to shareholders	(71,246)
Audit adjustments to net income	385,078
Audit adjustment to haircut on securities	(14,646)
Net capital	\$1,103,526